



**UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT**

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USDA Rural Development Dollars Assist Soybean Producers/Local Co-op

Newman Grove, Neb., March 3, 2004 –Farmers Co-op Oil Company of Newman Grove signed closing papers today on a \$120,000 USDA Rural Development grant that will assist in the first year of operations for the producer owned, soybean processing facility in Newman Grove. The facility will process locally grown soybeans into value added soybean meal and oil for livestock feeders, feed mills and oil processors adding approximately \$.20 per bushel to the soybeans' raw product value.

"We are very pleased in the progress of the Co-op's value added venture," stated Gene Wissenburg, Farmers Co-op Oil Company. "The USDA Rural Development grant signed today provided us with the "green light" to begin our first full year of operation in the recently built and fully equipped soybean extruding and expelling plant." The 500,000 bushel per year plant is a division of Farmers Co-op Oil Company in Newman Grove.

The grant funds provided via the USDA Rural Development Value-Added Agricultural Product Market Development Grant program and matched by Farmers Co-op Oil Company will assist in exploring and developing new markets for naturally processed soybean meal and oil. Initial phases of operating the soybean processing plant will be completed, including employee training and finished product analysis. A market network with other farmer owned co-ops and feed mills will be developed to provide a stable supply of natural processed soybean meal and oil to livestock farmers and feeding operations. Through this project, the local economic base will benefit by the addition of two or more full time and several part time jobs. The preliminary operation and finished product analysis was achieved September 1st with the initial phase of operation and intense marketing efforts scheduled to be completed by year end. Organic certification, in order to process organically produced soybeans for specific natural and organic markets, has been obtained. USDA Rural Development provided a \$22,300 grant in October of 2002, for completion of a feasibility study that verified that an emerging market for natural processed soybean meal and oil products exists.

"The soybean processing facility will allow rural Nebraskans who are members of Farmers Co-op Oil Company to actively participate in, and own a value-added enterprise, which will diversify their incomes and ultimately improve the long-term sustainability of their farming operations," stated Randy Benson, general manager for Farmers Co-op Oil Company.

"The purpose of the Value-Added Agricultural Product Market Development Grant Program is to help producers to expand the customer base for their commodities through a value added activity that allows the producer to retain a greater profit in the marketplace," stated Teresa Olander, community development specialist for USDA Rural Development. "Farmer's Co-op Oil Company is a good example of how the program can assist."

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The natural process of extruding soybeans requires grinding soybeans, feeding this mixture into a mechanical extruder that crushes and heats the soybeans, releasing the oil from the meal. These products are then separated, and the meal is ground to a uniform consistency that is used as additional protein and energy for livestock feed in swine, poultry, and dairy operations. The oil that is separated is sold as food or fuel grade oil to processors. While these processes have been in existence for years, many farmers in rural areas have been unable to reap the benefits associated with such value-added processes. Most farmers currently sell their commodities for low market prices, and do not benefit from any of the value-added activities that occur after they sell their commodities.

For information on the Value-Added Agricultural Product Market Development Grant program, contact Teresa Olander at (402) 373-4914 or teresa.olander@ne.usda.gov, 111 N. Washington St., Bloomfield, Nebraska 68718.

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